

BOOST 4 FAMILIES EARLY CHILDHOOD AREA

INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

## BOOST 4 FAMILIES EARLY CHILDHOOD AREA

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BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Officials  
June 30, 2015

<u>Board Members</u>	<u>Address</u>	<u>Term Expires</u>
Jessica Larson, Chair	Malvern, Iowa	December, 2015
Christy Casey, Vice Chair	Lewis, Iowa	December, 2015
Sherry Ford, Secretary	Malvern, Iowa	December, 2017
Bill Drey	Red Oak, Iowa	December, 2016
Ron Kohn	Glenwood, Iowa	December, 2017
Craig Patzer	Glenwood, Iowa	December, 2017
Duane McFadden	Marne, Iowa	December, 2017
Kristy Pellett	Atlantic, Iowa	December, 2015
Linda Hartkopf	Atlantic, Iowa	December, 2017
Josh Wiig (Appointed January, 2015)	Red Oak, Iowa	December, 2017
John Baker (Appointed March, 2015)	Villisca, Iowa	December, 2015
Michaela Bartholomew (Appointed May, 2015, Resigned November, 2015)	Atlantic, Iowa	--
Jayne Wilson	Clarinda, Iowa	Appointed
Melissa Nation	Council Bluffs, Iowa	Appointed
JoAnn Thomas (Resigned March, 2015)	Red Oak, Iowa	--
Donna Robinson (Resigned January, 2015)	Red Oak, Iowa	--
<u>Executive Director</u>		
Amy Chastain	Glenwood, Iowa	

# Gronewold, Bell, Kyhnn & Co. P.C.

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DAVID A. GINTHER

## INDEPENDENT AUDITOR'S REPORT

To the Board Members of  
Boost 4 Families Early Childhood Area  
Oakland, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Boost 4 Families Early Childhood Area as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board Members of  
Boost 4 Families Early Childhood Area

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Unqualified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Boost 4 Families Early Childhood Area, as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

The Organization has omitted the Management's Discussion and Analysis (MD&A), that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2016 on our consideration of Boost 4 Families Early Childhood Area's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

*Stromer, Bill, Thylor & Co. P.C.*

Atlantic, Iowa  
January 8, 2016

BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Statement of Net Position  
June 30, 2015

ASSETS

Current Assets:

Cash	\$ 136,844
Accounts receivable	<u>7,998</u>

Total assets	<u>\$ 144,842</u>
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LIABILITIES AND NET POSITION

Liabilities:

Accounts payable	\$ 67,482
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Net Position:

Restricted for grant purposes	<u>77,360</u>
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Total liabilities and net position	<u>\$ 144,842</u>
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The accompanying notes are an integral part of these statements.

BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Statement of Activities  
Year ended June 30, 2015

	<u>Expenses</u>	<u>Operating Grants and Restricted Interest</u>	<u>Net (Expense) Revenue and Change in Assets</u>
Functions/Programs:			
Governmental activities:			
Early childhood	\$ 63,180	\$ 61,884	\$( 1,296)
Family support and parent education	191,027	189,871	( 1,156)
Preschool support for low-income families	81,536	83,367	1,831
Quality improvement	46,274	49,727	3,453
Other program services	34,143	20,134	( 14,009)
Administration	35,450	30,266	( 5,184)
Other revenues:			
Interest	<u>--</u>	<u>168</u>	<u>168</u>
Total	<u>\$ 451,610</u>	<u>\$ 435,417</u>	( 16,193)
Net position beginning of year			<u>93,553</u>
Net position end of year			<u>\$ 77,360</u>

The accompanying notes are an integral part of these statements.

BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>Special Revenue</u>			
	<u>Early Childhood</u>	<u>School Ready</u>	<u>DECAT</u>	<u>Total</u>
Assets:				
Cash	\$ 21,819	\$ 115,025	\$ --	\$ 136,844
Accounts receivable	--	--	7,998	7,998
Due from (to) other funds	<u>--</u>	<u>4,823</u>	<u>( 4,823)</u>	<u>--</u>
Total assets	<u>\$ 21,819</u>	<u>\$ 119,848</u>	<u>\$ 3,175</u>	<u>\$ 144,842</u>
Liabilities and Fund Balances:				
Accounts payable	\$ 12,269	\$ 52,038	\$ 3,175	\$ 67,482
Fund balances:				
Restricted for grant purposes	<u>9,550</u>	<u>67,810</u>	<u>--</u>	<u>77,360</u>
Total liabilities and fund balances	<u>\$ 21,819</u>	<u>\$ 119,848</u>	<u>\$ 3,175</u>	<u>\$ 144,842</u>

The accompanying notes are an integral part of these statements.



BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2015

	Special Revenue			
	Early Childhood	School Ready	DECAT	Total
Revenues:				
State of Iowa Grants:				
Early childhood	\$ 61,884	\$ --	\$ --	\$ 61,884
Family support and parent education	--	189,871	--	189,871
Preschool support for low- income families	--	83,367	--	83,367
Quality improvement	--	49,727	--	49,727
Other grant programs	--	20,134	--	20,134
Allocation for administration	3,257	10,611	16,398	30,266
Total State of Iowa Grants	65,141	353,710	16,398	435,249
Transfers	--	1,648	( 1,648)	--
Interest	25	143	--	168
Total Revenues	65,166	355,501	14,750	435,417
Expenditures:				
Program Services:				
Early childhood	63,180	--	--	63,180
Family support and parent education	--	191,027	--	191,027
Preschool support for low- income families	--	81,536	--	81,536
Quality improvement	--	46,274	--	46,274
Other program services	--	34,143	--	34,143
Total program services	63,180	352,980	--	416,160
Administration	3,207	17,493	14,750	35,450
Total Expenditures	66,387	370,473	14,750	451,610
Net Change in Fund Balances	( 1,221)	( 14,972)	--	( 16,193)
Fund Balances, Beginning of Year	10,771	82,782	--	93,553
Fund Balances, End of Year	\$ 9,550	\$ 67,810	\$ --	\$ 77,360

The accompanying notes are an integral part of these statements.

BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Notes to Financial Statements  
June 30, 2015

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

1. Significant Accounting Policies

The Boost 4 Families Early Childhood Area (Organization) is an unincorporated association established under Chapter 256I.8(1a) of the Code of Iowa. The goal of the Organization is to improve the well-being and quality of life for young children, age 0-5, and their families, reduce barriers to community efforts and improve the efficiency and effectiveness of local education, health and human services programs. The Organization is funded by allocations of federal and state block grants.

The Organization is governed by an autonomous Board composed of fourteen members. Twelve of the Board members shall be elected officials of, or individuals who work or reside in, Cass, Mills, and Montgomery counties. Two of the Board members shall be appointed, one by the Western Iowa Service Agency of the Iowa Department of Human Services, and one by Iowa Juvenile Court Services. Board members are elected by a majority vote of the existing Board and serve for three year terms (appointed members serve indefinite terms). The Board shall include representation from early care, education, health, human services, business and faith interest, and at least one parent, grandparent or guardian of a child from zero to age five.

The Organization designated Golden Hills RC&D as its fiscal agent to administer the grant funds as permitted by Chapter 256I.8(1)(a) of the Code of Iowa.

The Organization's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The financial statements of Boost 4 Families Early Childhood Area are intended to present the financial position and the changes in financial position of only that portion of the fiscal agent's financial activity attributable to the transactions of the Early Childhood and School Ready grants for Cass, Mills, and Montgomery counties, which are reported in separate special revenue funds.

2. Reporting Entity

For financial reporting purposes, the Boost 4 Families Early Childhood Area has included all funds, organizations, agencies, boards, commissions, and authorities. The Organization has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Organization are such that exclusion would cause the Organization's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Organization to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Organization. The Organization has no component units which meet the Governmental Accounting Standards board criteria.

BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Notes to Financial Statements  
June 30, 2015

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

3. Basis of Presentation

Entity-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the activities of the Organization.

The Statement of Net Position presents the Organization's assets and liabilities, with the difference reported as net position. Net position is reported in the following category:

*Restricted assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function.

Fund Financial Statements - Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Organization reports the following major governmental funds:

Special Revenue:

The Early Childhood Fund is used to account for funds allocated from the Iowa Department of Human Services to enhance the capacity and quality of child care services to help parents obtain or retain employment.

The School Ready Fund is used to account for funds allocated from the Iowa Department of Education to support a comprehensive school ready children plan designed by the Area Board.

The DECAT Fund is used to account for funds allocated from the Iowa Department of Human Services via the Mills County Board of Supervisors to support a portion of the costs for salaries and benefits for the Executive Director. The Organization pays these funds along with funds from the School Ready program to the fiscal agent. The fiscal agent is the employer of record for the Executive Director.

4. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Notes to Financial Statements  
June 30, 2015

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Organization considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measureable and available only when cash is received by the Organization.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

5. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

6. Cash

The Organization's deposits in bank at June 30, 2015 were entirely covered by federal depository insurance.

BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Notes to Financial Statements  
June 30, 2015

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Risk Management

The Organization is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance in any of the past three fiscal years.

9. Subsequent Events

Management has evaluated subsequent events through January 8, 2016, the date which the statements were available to be issued.

\* \* \*

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board Members of  
Boost 4 Families Early Childhood Area  
Oakland, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Boost 4 Families Early Childhood Area, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated January 8, 2016.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Boost 4 Families Early Childhood Area's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boost 4 Families Early Childhood Area's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 15-I-A.

To the Board Members of  
Boost 4 Families Early Childhood Area

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Boost 4 Families Early Childhood Area's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Organization's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Organization. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Responses to Findings**

Boost 4 Families Early Childhood Area's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Boost 4 Families Early Childhood Area's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Donna M. Bell, CPA & Co. P.C.*

Atlantic, Iowa  
January 8, 2016



BOOST 4 FAMILIES EARLY CHILDHOOD AREA  
Schedule of Findings and Responses  
Year Ended June 30, 2015

PART I - REPORTABLE CONDITIONS

15-I-A Segregation of Duties: A limited number of people have the primary responsibility for most of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Organization. However, this situation is common in small organizations.

Recommendation: We recognize that it may not be economically feasible for the Organization to contract for additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board members be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Board members are aware of this lack of segregation of duties, but it is not economically feasible for the Organization to contract for additional personnel for this reason. The Board members will continue to act as an oversight group.

Conclusion: Response accepted.

PART II - REQUIRED STATUTORY REPORTING

15-II-A Questionable Expenses: No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

15-II-B Travel Expense: No expenditures for travel expenses of spouses of Organization officials or employees were noted.

\* \* \*